



# VIRGINIA CAPACITY

OCCB Newsletter

FALL - 2007

## What's inside...

- 2 Earning Their Keep
- 4 Accelerating Social Entrepreneurism
- 6 Foundations and Organizations that Support Social Entrepreneurs
- 7 Dickenson County youth culminating Be the "E" activities
- 9 Client Spotlight Crooked Road and Round the Mountain
- 11 Mark your calendar



Virginia Department of Housing  
and Community Development  
[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)

## Hello again!



As the dog days of summer transition into the cooler months of autumn, OCCB has been busy pulling together material for this issue of Virginia Capacity, which is all about entrepreneurship.

This is such a broad and exciting topic that we hope we've done it justice by including a sampling of some innovative things happening in the Commonwealth. We hope this issue leaves you inspired to incorporate the spirit of innovation and entrepreneurship into your work.

As always, we love to hear from you so please drop us an e-mail at: [occboffice@dhcd.virginia.gov](mailto:occboffice@dhcd.virginia.gov) and let us know your thoughts and ideas.

## Earning their keep: The Piedmont Housing Alliance takes their mission to the market

The Piedmont Housing Alliance (PHA), a nonprofit housing organization located in Charlottesville, may be controversial for the traditional low-income housing advocate, but is viewed as very progressive for others that support new ways of solving old problems.

Executive Director Stu Armstrong says, "PHA doesn't operate with an antiquated entitlement mentality; we are a performance-based non-profit and pride ourselves on our results. From a neighborhood development perspective we are leading the way in Charlottesville with our mixed-income model. Building low-income villages by concentrating poverty is a twentieth century model and has proven to be unsustainable over time. We have been able to broaden our mission to help a wider spectrum of buyers by harvesting



*Stu Armstrong, Executive Director of the Piedmont Housing Alliance*

the economic benefits of the middle class homes we develop within a project to help subsidize some of the low-income units within the same project."

With this in mind, PHA moved to create

FALL | 2007

*continued from cover*

a for-profit subsidiary corporation this summer, called Central Virginia Development Solutions, Inc. to expand its mixed-income approach to other projects in its pipeline.

One of the projects the subsidiary plans to develop is Pleasant Green, a 200+-unit development in Crozet, Virginia near Charlottesville. For the owner occupied part of the development, CVDS will develop at least 25% of the units for low-income families and the remaining units as market rate units. On the other hand, 75% of any rental units developed within the project are expected to be occupied by families earning less than 80% of the area median income.

Land prices in Albemarle County are notoriously pricey, and PHA's property in Crozet is no exception. Armstrong notes that "to concentrate 200+ units of just low-income housing on such a strategic piece of property would be socially irresponsible on our part when we have the capacity and experience to do much better."

However, by making the project predominantly market rate, PHA will capture some of the equity of the land and create a development that will be acceptable to the community as a whole. The market rate housing of the middle-class will enhance PHA's ability to make the numbers work for the low-income housing, which is difficult to finance. It will also create additional capital that will enable PHA and CVDS to invest in future projects within the region to further its mission.

Armstrong says that the right mix of

market rate and affordable housing is the key to the success of the project.

For example, from an owner occupied home ownership development model perspective, if 75 percent of the units were set aside for low-to-moderate income households, it would be difficult to get the middle income household market to buy into the neighborhood. However, since just 25 percent of the units are priced for low-to-moderate

income buyers, it is much easier to market the development to middle-income buyers.

"On a daily basis we have to make decisions that strikes a delicate balance between

our mission test, a financial test, the political test and the sociology test," notes Armstrong. We invest a great deal of intellectual rigor at the staff and board level around these sensitive issues."

All income earned from Pleasant Green go to PHA, which enables the nonprofit to undertake more affordable housing activities and social services that are not paid fully by local, state or federal government. Currently, PHA's operating budget is approximately \$1.5 million, with about \$400,000 earned income through project development fees.

Also, the income earned from project development allows PHA to recruit and retain talented professionals committed to its mission. As Armstrong knows full well, one of the biggest challenges of any nonprofit is to find and retain skilled staff that will keep an organization thriving.



*Page Street Project, Charlottesville, VA*

FALL | 2007

PHA takes a broader view of their housing work and measures success in terms of positive impact on the community as a whole, as opposed to just the individual families it assists.

As an example, PHA's Page Street Project in Charlottesville consisted of the construction or rehabilitation of 30 homes and has resulted in a nice blend of community – with residents ranging from housekeepers to stockbrokers.

While some saw the project as gentrification of a predominantly African-American neighborhood, crime decreased 80 percent in the area after the project was completed, and

low-income owners finally saw reinvestment in their neighborhood of such a significant scale verses the disinvestment they had witnessed for nearly 40 years. Armstrong also notes that that socio-economic segregation is bad policy while socio-economic integration is something worth pursuing for the "greater good of community building."

When asked what advice he would give to nonprofits considering a social-entrepreneurship model, Armstrong stresses that organizations need to develop a business and performance-based culture.

For example, if non-profits pursue developing projects using a home ownership model, the staff and board of directors must develop a

tolerance for taking risks, borrowing money, and building homes for the market, as opposed to building homes for just specific low-income clients. He summarizes this as having a high "emotional, intellectual, and entrepreneurial IQ."

What's next for PHA's for-profit subsidiary?

Their upcoming project, The Plaza South of Main, will bring a new mixed-use, mixed

income development model to Fifeville, a traditionally African-American neighborhood within close proximity to the University of Virginia hospital. It will be the first of its kind as

part of the City's new transitional zoning for that part of the neighborhood. The city hopes to encourage similar development within the corridor in the future.

Plans include 20 to 24 condominiums, with commercial use on the first floor. CVDS is targeting one-third of the condos for low-income buyers; one-third for moderate to middle income households and the remaining one-third targeted to high-income earners.

For more information about The Piedmont Housing Alliance, visit their Web site at: <http://avenue.org/pha>.





FALL | 2007

*Life Entrepreneur, Chris Gergen*

## Putting the pedal to the medal: A roadmap to accelerate social entrepreneurship

Nonprofit enterprise is not a new concept. Classic examples include thrift stores, local museum gift shops, and even restaurants, bakeries or coffee shops that provide job training while benefiting social service organizations. Charging a fee for services is also a common way for nonprofits to earn income.

Social enterprise, on the other hand, goes beyond traditional nonprofit earned income ventures and advocates a fundamental change in the way things are done in the social sector.

OCCB chatted with Christopher Gergen about social entrepreneurship and how it can impact the nonprofit sector. Gergen is a lifelong entrepreneur and a founding member of New Mountain Ventures, an entrepreneurial leadership development firm that works with corporations, non-profits, and individuals "to create new realities by putting inspired ideas into action through entrepreneurial leadership."

Gergen is a member of the faculty of the Phoenix Project's Nonprofit Leadership Program. This summer he spent a week in Petersburg, Virginia, teaching the Phoenix Project's twenty-eight college and graduate students principles of social entrepreneurship

and how to create sustainable organizations.

He is also teaching a course entitled "Enterprising Leadership" at Duke University this fall where students apply knowledge and skills to develop social enterprise opportunities in and around

Durham, North Carolina.



The first thing Gergen emphasizes is the importance of understanding the entrepreneurial path and mindset. This includes the identification of your organization's core values and what you are trying to accomplish. This explicit sense of self-awareness and understanding of organizational

purpose serves as the foundation for everything to follow.

Once this is determined, organizations can then focus on becoming highly aware of the environment in which they are operating. "The world and its communities are constantly evolving and nonprofits need to put their antennae up and address changes in a proactive way and analyze whether they are really addressing the issues that need attention", stresses Gergen.

"Opportunity recognition" is the next step. "A lot of important work is either not being done at all or is

FALL | 2007

not being done well, so there's a very fundamental opportunity for creativity and innovation", Gergen notes. The key is to discover the best opportunities to make the most positive impact.

In particular, Gergen underlines the need to develop new and different ways to deliver services, which can revolutionize a field. For example, he cites the development of charter schools and Teach for America as examples of innovative approaches that have disrupted traditional models in public education and changed educational paradigms.

Taking action is perhaps most difficult step along the entrepreneurial path and Gergen observes that "a lot of people don't progress beyond the dreaming phase." A willingness to assume risks and the courage to try new ideas are important.

Also, moving an idea into the marketplace requires goals, strategies and resources. A good plan that has identified a compelling need and a really innovative solution is fundamental to attract resources.

In addition, Gergen advises nonprofits to be strategic about developing networks of people who really care about what they are trying to accomplish. These networks will spread your ideas to others and this leads to what Gergen calls a "positive network effect". On a final note, flexibility, which he dubs "purposeful spontaneity" and the ability to be highly adaptive and persistent are other trademarks of successful social entrepreneurs.

As we wrap up our conversation, Gergen discusses how an entrepreneurial mindset can be embraced by anyone or any organization, regardless of size or circumstance.

If this all sounds intriguing, be on the lookout for a new book to be published by Jossey-Bass in March of 2008 by Gergen and his New Mountain Ventures founding partner, Gregg Vanourek. The book is entitled "Life Entrepreneurs: ordinary people creating extraordinary lives". It draws upon interviews with 55 entrepreneurs from diverse backgrounds (ranging from Billy Shore of Share our Strength to Virginia Governor Mark Warner) to offer vivid examples, frameworks, and strategies for integrating a life of purpose, action, service, and significance.

### Advancing social entrepreneurship in the Commonwealth

In Virginia, The Phoenix Project has taken a leadership role in convening a statewide discussion about how the Commonwealth can identify, educate and support its next generation of social entrepreneurs. The Phoenix Project defines a social entrepreneur as someone who "combines passion for a social mission with business-like discipline, innovation and determination. "We believe there is a rapidly increasing and unmet need to prepare a new generation of social entrepreneurs—leaders who can apply entrepreneurial principles to our toughest challenges, through the nonprofit, public and private sectors, locally, statewide, nationally and globally", notes Marion Forsyth, associate director at the Phoenix Project. The Phoenix Project's Nonprofit Leadership and Social Entrepreneurship Program is accepting applications from college and graduate students for Summer 2008. More information is available at [www.phoenixproject.org/nlp](http://www.phoenixproject.org/nlp).







OCCB SPOTLIGHT

The Virginia Department of Housing and community Development's Virginia Individual Development Accounts (VIDA) program is a great tool to assist eligible entrepreneurs.

The program helps eligible families learn how to manage their money and save to start or enhance an existing business. VIDA matches the participant's savings \$2 for every \$1 deposited into their designated VIDA savings account, not to exceed \$4,000 in matching funds.

The combined funds can be used towards the inventory and equipment needs of the business. Interested participants should contact a local VIDA intermediary to apply to the program. To learn more call 1 (888) VIDA-WIN, or 1 (888) 843-2946.



FALL | 2007

## Foundations and organizations that support social entrepreneurs

**The Acumen Fund** is a nonprofit global venture fund that uses entrepreneurial approaches to solve the problems of global poverty.

<http://www.acumenfund.org/>

**Ashoka** supports social entrepreneurs, promotes networks of entrepreneurs, and creates infrastructure to support social enterprise.

<http://www.ashoka.org>

**The Draper Richards Foundation** provides selected social entrepreneurs with funding of \$100,000 annually for three years. The funds are specifically and solely for entrepreneurs starting new nonprofit organizations.

<http://www.draperrichards.org>

**Echoing Green** provides first-stage funding and support to visionary leaders with bold ideas for social change. As an angel investor in the social sector, Echoing Green identifies, funds, and supports the world's most exceptional emerging leaders and the organizations they launch.

<http://www.echoinggreen.org>

The Institute for Social Entrepreneurs offers seminars, workshops and consulting services.

<http://www.socialent.org/>

**The National Center on Nonprofit Enterprise (NCNE)** helps nonprofits make wise economic decisions. NCNE focuses on resources - how nonprofits can find them and use them well; and on ideas - how ways of thinking can improve the way nonprofits work. <http://www.nationalcne.org>

**The Schwab Foundation for Social Entrepreneurship** uses its resources to create opportunities where social entrepreneurs who have successfully implemented and scaled their transformational idea can further the legitimacy of their work, have access to usually inaccessible networks, and in consequence, mobilize financial and in-kind resources that enable them to continue to strengthen and expand.

<http://www.schwabfound.org>

**The Social Enterprise Alliance** provides support, education and networking opportunities for social entrepreneurs.

<http://www.se-alliance.org>

**The Social Enterprise Institute** offers philanthropic leaders a unique opportunity to develop the skills and networks needed for implementing successful social enterprises.

<http://www.se-institute.org>

**The Social Venture Network** promotes new models and leadership for socially and environmentally sustainable business in the 21st century.

<http://www.svn.org>

**The Skoll Foundation** advances systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs.

<http://www.skollfoundation.org/>

FALL | 2007

# Dickenson County youth culminating Be the “E” activities

With resources from the Virginia Department of Housing and Community Development's Flex E Grant Program, the youth involved in the 2006 Dickenson County Youth Be the “E” (Entrepreneur) Program were challenged to take their projects to a higher level in 2007.

In 2006, middle and high school students were recruited into four project groups with mentors and professionals with expertise in areas of cultural heritage of the Appalachian area, such as music, food, craft, and oral history.

The mentors first involved the students in activities of the newly developed 4-H curriculum, Be the “E,” and the youth learned the basic elements of what it takes to start and operate a business. Then each group developed a product, drawing on one area of their cultural heritage.

During this time, the students learned specific skills pertaining to that particular business, such as how to copyright their music and oral history pieces, how to meet the legal standards with their candy product, and that marketing begins from the very inception of the product, such as in the colors used for decorating, etc.

Projects resulted in products such as a live recording from the Ralph Stanley Museum and Traditional Mountain Music Center entitled Sing Out!!



*Katie Sutherland records "Little Sparrow"*

A fine fiber artisan was the mentor for the marketing class at Clintwood High School as they studied the art of twining. Each of the students completed a twined rug.

After much research and development, the heritage foods group developed a new fruit flavored version of the “hard tack” candy once made by mountain settlers to carry

on their journeys. Their product is sold in their custom designed box.

A speech and drama teacher and professional story teller guided the oral history group in collecting stories and developing their performances. They used these skills to record the stories at the Ralph Stanley Museum. The recordings were mastered and processed into CDs, and along with the music CDs, are sold at the two Dickenson County anchors on The Crooked Road, Virginia's Heritage Music Trail. In Clintwood, they're available at the Ralph Stanley Museum and Traditional Mountain Music Center and at Breaks Interstate Park.

## Web resources for youth entrepreneurs

Grants and resources for youth who are engaging in social entrepreneurship can be found at: <http://www.dosomething.org/grants>.

The National Foundation for Teaching Entrepreneurship provides entrepreneurship education programs to young people from low-income communities. <http://www.nfte.com/>

Youth Venture helps teams of people start new youth-led organizations that promote positive social change. <http://www.genv.net>



FALL | 2007

*continued from page 7*

The year has been full of many obstacles and challenges, but some admirable results are coming forth. The oral history group with just one veteran member, Cody Mullins, led by professional story teller Anndrena Belcher, has been researching and collecting stories for their CD, *Mountain Life and Work—Yesterday, Today, Tomorrow: Collecting Ourselves*.

This year, students from all of the project groups are being given the opportunity to be interviewed for the storytelling project. Later in the month, some of these students will be performing with Anndrena on the storytelling stage at the Ralph Stanley Museum Mountain Music Festival.

When the students went to gift shops with their specially packaged gourmet hard candy, some shop owners suggested that there was a demand for a sugar free version. And so it came to be – after much research and development to find the right technology and ingredients, since sugar is so involved in the science of candy making. They now have a sugar-free version with a box of a different color indicating sugar-free that complements the sugar version.

The twining project was fortunate to have some students who completed a project return to the marketing class to teach. These veteran twiners found out what it was like to be the teachers of a craft as they instructed their fellow classmates in their first project. The veterans also were able to complete placemats and rugs for sale at the Ralph Stanley Museum Gift Shop. After their first CD project, the heritage music group formed into an after school 4-H group that met at least twice a month. They were interested in continuing the study of the rich musical

traditions of Appalachia and practicing their music with local accomplished mentors. They named themselves the Mountain Tyme Band and adopted the slogan, "Old-time sounds from a new generation!"

During 2007, rather than recording live performance as they had done previously, they wanted to do a studio CD.

Tyme Pieces contains ten selections of traditional, gospel, bluegrass, and original music that, without a doubt, has changed how they look at recorded music, whether it be their own, or that of their favorite recording stars.

Four selections from their recorded music can be heard on their MySpace Web site at: [www.myspace.com/themountaintymeband](http://www.myspace.com/themountaintymeband).

The group will perform some of their selections on Sunday, Sept. 30, at the Jettie Baker Center when their mentor, Scott Mullins, has the release event at the Mountain Music Festival of his CD project, *Laboring Soldier*, a partnership through the Museum and Virginia Foundation for the Humanities.

The group is also looking to partner with the Ralph Stanley Museum to put in place a system for downloading the mountain music that is so popular now, of which their recently recorded songs would be a part.



FALL | 2007

## Crafting a regional effort Supporting arts and tourism entrepreneurs in Southwest Virginia

At the height of the industrial revolution, a backlash against machine-made products came in the form of a return to roots: handmade furniture from Roycroft and Stickley, studio pottery, and craftsman architecture.

Today, as big boxes and strip malls homogenize the American landscape, there's a similar movement at work - a growing demand for the unique and authentic.

In a quest for sense of place, tourists are increasingly spending their dollars exploring the countryside, taking in local color and supporting small-town economies. The visitors shop for unique souvenirs that reflect the region. They drink the local wine after meeting the vintner, and buy the work of a local artisan or a CD by musicians who sang a song with a sound that could only be found there.

Studies by the Travel Industry Association and others show that these 'heritage travelers' stay longer and spend more money.

That means opportunity. In a trend that favors the local and specific, small businesses do well. And in southwest Virginia, two organizations are working hard to nurture an environment conducive to the arts and local culture-based entrepreneurs who cater to these important guests.

The distinct region south and west

of Roanoke offers a critical mass of heritage music performers and venues. Bluegrass, gospel, and mountain music is performed by the likes of Clintwood's Ralph Stanley at places like the Carter Family Fold in Hiltons. And connecting them in a collective marketing effort is The Crooked Road: Virginia's Heritage Music Trail. The nonprofit organization works with musicians, venues, and local governments along the ten-county, 250-mile path.



Leaders involved in the effort include tourism and economic development officials, venue managers, and music aficionados.

"We really see The Crooked Road as a hub connecting lots of individual efforts," said Executive Director H W. "Bill" Smith.

But the trail is about more than just music, it's about the place as a whole.

"There's a great deal of potential," said board chair and executive director of the Cumberland Plateau Planning District Commission Jim Baldwin.

"From the start, folks have been coming up with ideas that tap into The Crooked Road concept. We've already seen a number of new businesses start up to serve visitors traveling the road."

Part of the experience for visitors is the actual engagement with musicians

FALL | 2007

*continued from page 9*

and artisans—watching them perform, visiting their studios, and learning about contemporary work in traditional crafts.

Maintaining a registry that now totals more than 200 artisans, venues and agritourism businesses, 'Round the Mountain: Southwest Virginia's Artisan Network plays a role for artisans similar to what The Crooked Road does for the music venues and musicians. And the nonprofit organization is currently identifying a trail system to help guide visitors to artisan venues in the 19 counties it serves.

According to Executive Director Diana Blackburn, the collective marketing tool is helpful for artisans developing businesses.

"Getting word out about where your studio is or what gallery carries your work is just one part of being a small business owner that takes time away from your actual craft," said Blackburn. "Plus, the sheer number of participating members gives visitors more of reason to stop and explore."

Benefits also come from the collaborative efforts and the concentration of similar and complementary efforts helps each individual venue, musician, or artisan develop their work and grow.

"For generations, most artisans of this region relied on a limited local markets to sell their work" said 'Round the Mountain board president and business owner Woody Crenshaw. "We now see the possibility of broadening those markets, and in doing so, promoting not only this generation of artisans, but encouraging then next."

Like the knowledge networks in Silicon Valley, performers and craftspeople always find something new to learn and teach.

And innovation, curiosity, and creativity - qualities at the heart of the entrepreneurial spirit - weren't invented in the dot.com era.

They can be found just as easily at the Old Fiddler's Convention in Galax, on stage at the Floyd Country Store, and in the hands of people perfecting their take on crafts that have been around much longer than them or their grandparents.

With this growing appreciation for regionally specific experiences and products, we're fortunate that they'll be around a lot longer, too.

More information:

[www.thecrookedroad.org](http://www.thecrookedroad.org)

[www.roundthemountain.org](http://www.roundthemountain.org)

[www.culturalheritagetourism.org](http://www.culturalheritagetourism.org)



*Blue Ridge Music Center*

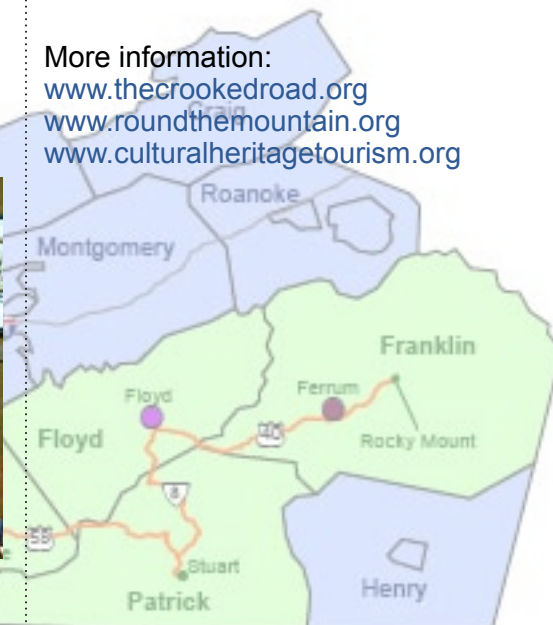


*Ralph Stanley Museum*

click map to enlarge



*Johnny Cash performing at the Carter Family Fold.*  
© Carter Family Fold





# OCCB

## About OCCB

The Office of Community Capacity Building (OCCB) serves as a catalyst for improving Virginia's community development partners' effectiveness to achieve their mission.

This is accomplished by providing capacity building services in five key areas:

- Organizational Development and Growth
- Organizational Management
- Resource Development
- Program Development
- Community Relations and Accountability

The goal of OCCB is to help develop sustainable organizations that improve the quality of life in the communities they serve.

OCCB offers a variety of programs and services, primarily to nonprofit organizations and local governments located in non-entitlement communities throughout Virginia, to assist with increasing capacity. Intensive technical assistance and training is provided to strengthen and improve an organization's performance.



## Mark Your Calendar

**Oct. 11 – 14, 2007** - Social Venture Network Fall Conference: World Changing Ideas - Innovation in Action. La Jolla, CA.  
<http://www.svn.org>

**Nov. 14, 2007** - Governor's Housing Conference Symposium – Ready? Change. Succeed!. Roanoke, VA.  
<http://www.vagovernorshousingconference.com/>

**Nov. 14 – 16, 2007** - Governor's Housing Conference – Housing: The Hearts of our Communities. Roanoke, VA.  
<http://www.vagovernorshousingconference.com>

**Nov. 14 – 16, 2007** - Investors' Circle Fall Conference and Venture Fair. Boston, MA.  
<http://www.investorscircle.net>

**Nov. 30, 2007** - Earned Income: Assessing Your Nonprofit's Revenue Options. The Foundation Center, Washington, D.C.  
<http://www.thefoundationcenter.org>

**March 9 – 11, 2008** - 9th Annual Social Enterprise Summit: Building Networks - Forming Partnerships - Accessing Capital. Boston, MA .  
<http://www.se-alliance.org/>